

STATEMENT OF PATRICK V. MURPHY
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DEPARTMENT OF TRANSPORTATION
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION
OF THE SENATE APPROPRIATIONS COMMITTEE
OCTOBER 21, 1997

THANK YOU MR. CHAIRMAN, AND MEMBERS OF THE
SUBCOMMITTEE. I APPRECIATE THE OPPORTUNITY TO DISCUSS THE
IMPORTANT SUBJECT OF RESTRICTIONS ON COMMERCIAL AIR SERVICE AT
AIRPORTS WITHIN THE UNITED STATES. IN RECENT MONTHS, THERE HAS
BEEN AN INCREASING DIALOGUE ON THE ECONOMIC IMPLICATIONS FOR
AIRLINE COMPETITION CAUSED BY RESTRICTIONS AT SOME OF OUR
NATION'S COMMERCIAL AIRPORTS.

AT THE OUTSET, LET ME STATE THAT THERE IS A NEARLY
UNANIMOUS VIEW THAT AIRLINE DEREGULATION, WHICH IS NOW 19
YEARS OLD, HAS BEEN A SUCCESS. AIR FARES ARE LOWER, TRAVEL HAS
INCREASED SUBSTANTIALLY, U.S. AIRLINES ARE PROFITABLE, SAFETY
HAS INCREASED, AIRCRAFT NOISE IS DECREASING, AND U.S. AIRLINES
ARE HIGHLY COMPETITIVE IN THE GLOBAL MARKETPLACE. U.S.
TRAVELERS AND COMMUNITIES ARE WELL SERVED BY A DEREGULATED
AIRLINE INDUSTRY. NEVERTHELESS, BECAUSE CERTAIN AIRPORTS THAT
SERVE MAJOR CITIES ARE RESTRICTED, THERE IS A VIEW THAT AIRPORT
RESTRICTIONS ARE PREVENTING THE FULL BENEFITS OF DEREGULATION
FROM BEING ENJOYED BY OUR CITIZENS AND OUR AIR CARRIERS.

DISCUSSIONS ON THIS TOPIC GENERALLY INVOLVE FIVE AIRPORTS. THEY ARE: CHICAGO O'HARE, NEW YORK'S KENNEDY AND LAGUARDIA, WASHINGTON NATIONAL, AND DALLAS LOVE FIELD. THESE FIVE AIRPORTS ARE SUBJECT TO VARIOUS RESTRICTIONS WHICH GENERALLY FIT INTO ONE OR MORE OF THREE CATEGORIES. FIRST, SLOT RESTRICTIONS ON HOW MANY OPERATIONS MAY TAKE PLACE. SECOND, PERIMETER RESTRICTIONS ON HOW FAR AIRCRAFT MAY FLY. AND THIRD, AIRCRAFT SIZE LIMITATIONS. THERE ARE A FEW OTHER AIRPORTS WHICH HAVE BEEN ALLOWED TO IMPOSE CERTAIN ENVIRONMENTAL RESTRICTIONS, BUT THEY GENERALLY ARE SMALLER AIRPORTS AND ARE NOT VIEWED BY OBSERVORS OF THE INDUSTRY AS MAJOR IMPEDIMENTS TO AIRLINE COMPETITION.

SLOT RESTRICTIONS APPLY TO CHICAGO O'HARE, NEW YORK'S LAGUARDIA AND KENNEDY AND WASHINGTON NATIONAL. THEY WERE ADOPTED NEARLY THIRTY YEARS AGO IN NOVEMBER OF 1968 IN ORDER TO LIMIT DAILY AND HOURLY OPERATIONS AND THEREBY REDUCE DELAYS AT WHAT WERE THEN THE NATION'S MOST CONGESTED AIRPORTS. THE RULE WHICH IMPLEMENTS THESE SLOT RESTRICTIONS IS KNOWN AS THE HIGH DENSITY RULE, AND AN AIRCRAFT OR A FLIGHT AT THESE AIRPORTS MAY BE OPERATED ONLY IF IT HAS A SLOT FOR THAT TIME PERIOD. BEGINNING IN 1985, THE DEPARTMENT OF TRANSPORTATION HAS ALLOWED AIRLINES TO BUY AND SELL THEIR

SLOTS TO IN ORDER TO PERMIT THE MOST EFFICIENT USE OF THESE LIMITED RESOURCES.

THE MOST RECENT CHANGE AFFECTING THE HIGH DENSITY RULE OCCURRED IN 1994 WHEN THE SECRETARY OF TRANSPORTATION WAS GIVEN AUTHORITY TO GRANT EXEMPTIONS FROM THE SLOT RULE AT CHICAGO AND NEW YORK. THIS AUTHORITY ALLOWS OPERATIONS ABOVE THE LIMITATIONS NOW IN EFFECT. THE SECRETARY HAS USED THIS AUTHORITY VERY SPARINGLY AND UNTIL NOW HAS ONLY GRANTED 3 DOMESTIC EXEMPTION APPLICATIONS AT O'HARE AND ONE EXEMPTION AT KENNEDY. WE NOW HAVE PENDING BEFORE US 13 EXEMPTION APPLICATIONS. WE ARE CONTEMPLATING GRANTING SOME SLOT EXEMPTIONS IN THE NEAR FUTURE IN ORDER TO PROMOTE COMPETITION.

IN ADDITION TO SLOT LIMITATIONS, BOTH LAGUARDIA AND NATIONAL AIRPORT ARE SUBJECT TO PERIMETER RULES. THE PERIMETER RULE AT WASHINGTON NATIONAL AIRPORT DATES BACK TO 1966 WHEN AIRLINE OPERATIONS WERE LIMITED TO 650 MILES. OVER TIME THAT LIMITATION BECAME A FEDERAL RESTRICTION AND EVOLVED TO 1,000 MILES AND THEN TO 1,250 MILES.¹ THIS RULE WAS DEVELOPED TO MANAGE AIR TRAFFIC AT NATIONAL AIRPORT, ESPECIALLY SINCE

¹ At National both the limit on slots and the perimeter rule were set by Congress in 1984.

DULLES AIRPORT HAD BEEN OPENED IN 1962 AND WAS NOT BEING FULLY UTILIZED. AT LAGUARDIA, THE CURRENT PERMIETER RULE IS IMPOSED BY LOCAL AUTHORITIES AND DATES BACK TO 1984. IT CURRENTLY LIMITS AIRCRAFT OPERATIONS TO 1,500 MILES.²

DALLAS LOVE FIELD OPERATES UNDER A SEPARATE SET OF FEDERAL RESTRICTIONS COMMONLY REFERRED TO AS THE WRIGHT AMENDMENT. THIS LEGISLATION LIMITED OPERATIONS AT DALLAS LOVE FIELD BEGINNING IN 1980. THE LEGISLATION PROHIBITED BOTH NON-STOP AND THROUGH AIR SERVICE WITH LARGE AIRCRAFT BETWEEN DALLAS LOVE FIELD AND CITIES OTHER THAN THOSE LOCATED IN TEXAS, ARKANSAS, LOUISIANA, NEW MEXICO AND OKLAHOMA.³ AS YOU KNOW, VERY RECENTLY CONGRESS HAS TAKEN ACTION TO LOOSEN THIS RESTRICTION TO ALLOW AIR SERVICE TO THREE MORE STATES -- ALABAMA, MISSISSIPPI, AND KANSAS. LIKE THE PERIMETER RULE AT WASHINGTON NATIONAL, THIS RESTRICTION WAS IMPOSED AT DALLAS IN ORDER TO ASSIST THE DEVELOPMENT OF A NEWER AIRPORT. DALLAS/FT. WORTH INTERNATIONAL AIRPORT OPENED IN 1974, AND THE WRIGHT AMENDMENT CAME FIVE YEARS LATER. THE RESTRICTION WAS CONSISTENT WITH AN AGREEMENT BETWEEN THE CITIES OF DALLAS AND FORT WORTH.

² Both National and LaGuardia also have aircraft size limits due to their small size.

³ Small aircraft of 56 seats or less were allowed to operate beyond these five states.

THE DEPARTMENT OF TRANSPORTATION HAS CONDUCTED STUDIES ON THE HIGH DENSITY RULE AND ON THE WRIGHT AMENDMENT. IN 1995, AT THE DIRECTION OF CONGRESS, THE PRESIDENT, AND THE AIRLINE COMMISSION, THE DEPARTMENT COMPLETED A STUDY ON THE HIGH DENSITY RULE. WE CONCLUDED THAT A CHANGE IN THE HIGH DENSITY RULE WOULD NOT AFFECT SAFETY. ELIMINATING THE RULE IS LIKELY TO RESULT IN INCREASED OPERATIONS AT THESE AIRPORTS, WHICH IN TURN WOULD BENEFIT CONSUMERS IN THE FORM OF EXPANDED AIR SERVICES AND REDUCTIONS IN AIR FARES AS A CONSEQUENCE OF INCREASED COMPETITION. THESE INCREASED OPERATIONS WOULD LEAD TO MORE REVENUES FOR THE AIRPORTS. AS A RESULT OF THESE INCREASED OPERATIONS, WE ALSO FORECAST INCREASED TRAVEL DELAY TIME AND COSTS DUE TO INCREASED PEAKING OF DEMAND. FURTHERMORE, IN THE SHORT TERM THERE WOULD BE AN INCREASED NOISE IMPACT; HOWEVER, IN THE LONGER TERM, THE TRANSITION TO QUIETER ALL STAGE 3 AIRCRAFT WOULD REDUCE NOISE LEVELS TO A POINT LOWER THAN EXPERIENCED TODAY.

WE ALSO CONCLUDED THAT SINCE 1968 WHEN THE SLOT RULE WAS ISSUED, AIR TRAFFIC CONTROL HAS CHANGED DRAMATICALLY. THE IMPLEMENTATION OVER THE LAST 30 YEARS OF SOPHISTICATED TECHNOLOGY IN TRAFFIC MANAGEMENT INITIATIVES HAS ENHANCED THE EFFICIENCY OF THE AIR SPACE SYSTEM. IT IS THE TRAFFIC

MANAGEMENT SYSTEM, NOT THE HIGH DENSITY RULE, THAT ENSURES THE SAFE OPERATION OF THE AIR TRAFFIC CONTROL SYSTEM.

AS FOR OUR STUDY OF THE WRIGHT AMENDMENT, THIS WAS COMPLETED BY AN INTERDEPARTMENTAL TASK FORCE IN JULY 1992. THE REPORT SHOWED THAT A CHANGE IN THE WRIGHT AMENDMENT WOULD RESULT IN MORE AIRLINE SERVICE AND COMPETITION AT LOVE FIELD. THIS WOULD RESULT IN LOWER FARES FOR DALLAS AND THE SOUTH CENTRAL REGION OF THE UNITED STATES. BECAUSE OF THE PHASING IN OF STAGE 3 AIRCRAFT, NOISE IMPACTS WOULD CONTINUE TO DECLINE AROUND LOVE FIELD REGARDLESS OF ANY ACTION ON THE WRIGHT AMENDMENT. WE PROJECTED THAT DALLAS/FT. WORTH AIRPORT WOULD CONTINUE TO GROW UNDER ALL SCENARIOS THAT WE COULD ENVISION, AND WOULD REMAIN THE DOMINANT AIRPORT IN THE REGION. WE ALSO CONCLUDED THAT THE AMOUNT OF ADDITIONAL SERVICE THAT CAN BE PROVIDED AT LOVE FIELD WOULD BE LIMITED BY AIR SPACE INTERACTIONS. AIRCRAFT DELAYS AT LOVE FIELD WOULD BECOME A SIGNIFICANT PROBLEM ONLY IF AIRCRAFT OPERATIONS REACHED A LEVEL THAT CAN BE CONSIDERED UNLIKELY. IN ANY EVENT, WE CONCLUDED THAT SAFETY WOULD BE MAINTAINED BY FAA-IMPOSED AIR TRAFFIC PROCEDURES.

FOLLOWING THE RELEASE OF BOTH OF THESE STUDIES THE DEPARTMENT MADE NO RECOMMENDATIONS TO MODIFY OR REPEAL THE HIGH DENSITY RULE OR THE WRIGHT AMENDMENT. THIS PARTIALLY

REFLECTS THE DEPARTMENT'S ASSESSMENT THAT THESE DECADES OLD AIRPORT RESTRICTIONS HAVE TO SOME EXTENT EVOLVED BEYOND THEIR ORIGINAL INTENT TO CONTROL AIRCRAFT OPERATIONS.

ENVIRONMENTAL AND REGIONAL DEVELOPMENT CONCERNS EMERGE EACH TIME CHANGES TO THESE RESTRICTIONS ARE CONTEMPLATED. WE ARE OF THE VIEW THAT IT IS UP TO CONGRESS AND LOCAL AUTHORITIES TO DECIDE WHETHER TO MODIFY THESE LONG-STANDING ARRANGEMENTS.

WE TAKE THIS POSITION WHILE AT THE SAME TIME RECOGNIZING THAT AIRLINE DEREGULATION IS PREMISED ON THE CONCEPT OF OPEN COMPETITION AND THE ELIMINATION OF ECONOMIC RESTRICTIONS ON THE AIRLINE INDUSTRY. SEVERAL STUDIES DONE OUTSIDE DOT HAVE DEMONSTRATED THAT THE SLOT RESTRICTIONS LEAD TO HIGHER FARES AND LESS COMPETITION.

WHILE CONGRESS, THROUGH HEARINGS SUCH AS TODAY'S, EVALUATES THESE LONG STANDING RESTRICTIONS, THE DEPARTMENT INTENDS TO EXERCISE ITS EXEMPTION AUTHORITY TO A LIMITED DEGREE TO ALLOW SOME ADDITIONAL COMPETITION AT THE HIGH DENSITY AIRPORTS. WE ALSO INTEND TO UNDERTAKE A STUDY AS TO HOW THE EXISTING SLOTS ARE BEING UTILIZED AT THE AIRPORTS IN ORDER TO DETERMINE WHETHER THE EXISTING SLOT RULES MIGHT BE MODIFIED. WE WILL, OF COURSE, REPORT TO CONGRESS ON OUR FINDINGS. WITH REGARD TO LOVE FIELD, WE WOULD MONITOR CAREFULLY THE IMPACT

OF LOOSENING OF THE WRIGHT AMENDMENT TO DETERMINE WHAT BENEFITS AND DIFFICULTIES MIGHT BE CREATED.

IN CONCLUSION, I WOULD LIKE TO THANK THE COMMITTEE FOR ALLOWING US TO TESTIFY TODAY AND FOR EXAMINING THE IMPORTANT TOPIC OF RESTRICTIONS AT SOME OF OUR NATION'S MOST IMPORTANT AIRPORTS.